

STATE OF ILLINOIS



ILLINOIS COMMERCE COMMISSION

Office of General Counsel

May 15, 2002

Ms. Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Illinois Commerce Commission
FERC Docket No.: EL02-____-000

Dear Ms. Salas:

Enclosed please find the originals and fourteen copies of the Petition of the Illinois Commerce Commission in the above-captioned proceeding.

I would appreciate your acknowledging receipt of this filing by returning a duplicate, time-stamped copy of this letter in the enclosed self-addressed, stamped envelope.

If you have any questions, please do not hesitate to write or telephone.

Very truly yours,


John P. Kelliher
Special Assistant Attorney General
Illinois Commerce Commission
160 N. LaSalle, Suite C-800
Chicago, Illinois 60601
(312) 793-8841

Counsel for the
Illinois Commerce Commission

JPK/ed
Enclosures
cc: Robert E. Berdelle

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Illinois Commerce Commission)

EL02-___-000

PETITION FOR A DETERMINATION THAT ACCOUNTING REFLECTED IN
COMMONWEALTH EDISON COMPANY'S FERC FORM 1
ANNUAL REPORT FOR 2001 IS ERRONEOUS,
AND FOR AN ORDER REQUIRING REVISION

Pursuant to Sections 301(a), 304(a) and 309 of the Federal Power Act, 16 U.S.C. §§ 825(a), 825c(a), and 825h, and under Rule 207(a)(5) of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. §385.207(a)(5), the Illinois Commerce Commission ("ICC") hereby petitions the Commission for a determination that certain accounting reflected in Commonwealth Edison Company's FERC Form No. 1: Annual Report of Major Electric Utilities, Licensees and Others, for the year ending December 31, 2001, is erroneous, in that it reflects the inclusion of particular items in accounts other than those prescribed by the Commission, and for an order requiring that Commonwealth Edison Company ("ComEd") make certain changes in its accounts and in its Annual Report.

I. Communications

Please address all notices and communications regarding this filing to the following persons who are designated for service in this proceeding:

John P. Kelliher
Special Asst. Attorney General
Illinois Commerce Commission
160 N. LaSalle, Suite C-800
Chicago, Illinois 60601
(312) 793-2877

Randy Rismiller
Manager, Federal Energy Program
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701
(217) 785-4046

II. The ICC'S Recommendation

The ICC recommends that the Commission determine by order that a \$937 million non-interest bearing receivable from Exelon Corporation ("Exelon") relating to Exelon's agreement to fund future income tax payments resulting from the collection by ComEd of instrument funding charges be removed from ComEd's Accounts 145 and 186, and be recorded for purposes of the FERC Uniform System of Accounts in a contra equity account as reflected in the ComEd Form 10-K, on file with the SEC, for 2001 (relevant portions of which are attached hereto as Attachment A). The ICC further requests that that the Commission direct ComEd to refile its 2001 Form 1 in a manner that appropriately removes the \$937 million from Accounts 145 and 186, and appropriately reflects the nature of the receivable in a contra equity account.

III. Background

The ICC is an agency of the State of Illinois that exercises jurisdiction over public utilities, including electric distribution and certain other operations of electric utilities, under the Public Utilities Act [220 Illinois Compiled Statutes (ILCS) 5]. It is a "State commission" as defined in 16 U.S.C. §796(15).

Commonwealth Edison Company ("ComEd") is a corporation the principal office of which is located at 10 South Dearborn, P.O. Box 805379, Chicago, Illinois 60680-5379. ComEd provides wholesale and unbundled retail transmission service under rates established by, and is subject to the jurisdiction of, the Federal Energy Regulatory Commission, under the Federal Power Act. ComEd is also an electric public utility that sells electricity to retail customers within the State of Illinois, is subject to the provisions

of the Illinois Public Utilities Act ("Illinois Act"), and is in a number of respects subject to the jurisdiction of the ICC.

In 1997, the Illinois General Assembly enacted Public Act 90-561, which changed State law as it relates to the regulation of electric public utilities in many respects. The most important changes, for purposes of this Petition, are embodied in Section 16-111 of the Illinois Act.

Section 16-111 of the Illinois Act (220 ILCS 5/16-111) provides that, subject to certain exceptions, the rates of State-jurisdictional electric public utilities are fixed at rates in effect on October 1, 1996 for the "mandatory transition period," defined in Section 16-102 as the period from December 16, 1997, through January 1, 2005. During that period, the ICC is precluded from lowering or restructuring the rates of an electric utility except upon request of that utility. Also during that period, the ICC is precluded from increasing the rates of an electric utility unless the utility qualifies for an increase under Section 16-111(d). 220 ILCS 5/16-111(d).

An Illinois electric utility is authorized to seek such rate relief if it demonstrates that the two-year average of its earned return on common equity is below the two-year average for the same two years of the monthly average yields of 30-year U.S. Treasury bonds. By the same token, if a utility's earnings exceed an amount yielded by a formula set forth in Section 16-111(e), the utility is required to credit a part of the over-earnings to its retail customers. 220 ILCS 5/16-111(e).

Under Section 16-111(d), the determination of whether an electric utility qualifies for rate relief during the mandatory transition period is made on the basis of the "2-year average of its earned rate of return on common equity, calculated as its net income

applicable to common stock divided by the average of its beginning and ending balances of common equity using data reported in the electric utility's Form 1 report to the Federal Energy Regulatory Commission . . ." (underlining added).

Section 16-111(e) contains the formula used to determine whether an electric utility is required to share excess earnings with its customers. One critical component of this formula is the "2-year average of [its] earned rate of return on common equity, calculated as its net income applicable to common stock divided by the average of its beginning and ending balances of common equity using data reported in the electric utility's Form 1 report to the Federal Energy Regulatory Commission . . ." (underlining added).

Neither Section 16-111(d) nor Section 16-111(e) of the Illinois Act provides any mechanism for corrections, or for any State authority to direct an electric utility to amend the numbers entered on the Form 1. Nevertheless, those numbers are used for calculations that have a material impact on Illinois retail customers, irrespective of the size or nature of any error in reporting, and irrespective of whether the report provides full information as to an electric utility's assets, liabilities, capitalization, and net investment.

As is more fully explained below, ComEd's FERC Form No. 1 Annual Report for the year ending December 31, 2001 ("2001 Form 1") shows as current common equity a promise from its corporate parent Exelon, to pay certain amounts in the future. With no identifiable support in FERC accounting rules, in the rules of the Securities Exchange Commission, or in any other recognized body of accounting authority, ComEd has recorded this receivable in a manner that has the effect of overstating its common

equity balance by \$937 million, an amount that has a material effect on the calculations that drive whether ComEd would qualify for rate relief in Illinois, or would be obliged to credit excess earnings to its Illinois retail ratepayers.

As explained in detail below, the inflation of ComEd's common equity balance has the direct effect of skewing the "earned rate of return on common equity" downward for purposes of both Sections 16-111(d) and 16-111(e) of the Illinois Act. Thus, for example, as ComEd approaches the point at which it would be statutorily required to credit excess earnings to customers under Section 16-111(e) of the Illinois Act, the infusion of \$937 million in nonexistent common equity would have the effect of forestalling retail customer credits, and decreasing the amount of those credits if ComEd were to reach a point at which they must be paid.

IV. The Balances of Common Equity Stated on ComEd's FERC Form No. 1 for the year ending December 31, 2001, are erroneous.

On May 9, 2002, ComEd's 2001 Form 1 was delivered to the Office of the Chief Clerk of the ICC. The specific basis for the ICC's request that the Commission determine ComEd's 2001 Form 1 to be erroneous follows.

Page 123.19 of ComEd's 2001 Form 1, Note 15 to the Notes to the Financial Statements, Related-Party Transactions, describes the transaction as follows:

At December 31, 2001, ComEd had a \$937 million non-interest bearing receivable from Exelon relating to Exelon's agreement to fund future income tax payments resulting from the collection by ComEd of instrument funding charges. This receivable is expected to be settled over the years 2002 through 2008. The \$125 million short-term portion of this receivable and \$812 million long-term portion are included in Account 145, Notes Receivable from Associated Companies, and Account 186, Miscellaneous Deferred Debits, respectively, on ComEd's Balance Sheets. For SEC purposes, this receivable is reclassified as a separate line item of Shareholder's

Equity in ComEd's Consolidated Balance Sheets and reduces shareholder's equity in accordance with SEC staff Accounting Bulletin 4(g). See Note 1, Significant Accounting Policies, Basis of Presentation.

ComEd FERC Form 1, page 123.19.

SEC staff Accounting Bulletin 4(g), which is referenced in the quoted Note, requires the receivable to be a reduction of shareholder's equity. In accordance with this requirement, ComEd reported the receivable as a reduction to shareholder's equity in its reporting to the financial community. SEC staff Accounting Bulletin 4(g) states in part:

While these notes and other receivables evidencing a promise to contribute capital are often legally enforceable, they seldom are actually paid. . . . The balance sheet display of these or similar items is not determined by the quality or actual value of the receivable or other asset "contributed" to the capital of the affiliate general partner, but rather by the relationship of the parties and the control inherent in that relationship. Accordingly, in these situations, the receivable must be treated as a deduction from stockholders' equity in the balance sheet of the corporate partner.

In reporting the receivable to the Commission, the receivable is recorded as an asset and not as a contra equity balance. The non-current portion of the receivable is recorded in Account 186 – Miscellaneous deferred debits. The instructions to Account 186 of the FERC's Uniform System of Accounts state:

For Major Utilities, this account shall include all debits not elsewhere provided for, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts, which are in process of amortization and items the final disposition of which is uncertain.

The non-current portion of the \$937 million receivable discussed above clearly does not fit within the parameters of items that are to be recorded in Account 186 under FERC's Uniform System of Accounts. The affiliated non-interest bearing receivable is not a

"work in progress" or an "unusual or extraordinary expense". The receivable is not "in the process of amortization" and the phrase "proper final disposition of which is uncertain" does not apply. As stated on the last line of Page 123.8 and in Note 15, Related Party Transactions, on Page 123.19 of ComEd's 2001 FERC Form 1, the receivable is a "Contribution of receivable from parent".

In reporting the receivable to the Commission, ComEd has reported the current portion of the receivable in Account 145 – Notes receivable from associated companies. The instructions to Account 145 of the FERC's Uniform System of Accounts state:

"These accounts shall include notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from the date of the issue, together with any interest thereon... Items which do not bear a specified due date but which have been carried for more than twelve months and items which are not paid within twelve months from due date shall be transferred to account 123, Investment in Associated Companies..."

This account is to report short-term notes with affiliates – those that are *expected to be paid in full not later than one year from the date of issue*. Given that this receivable is not expected to be paid in full until 2008, no portion of the affiliated receivable should be reported in Account 145.

The appropriate recording of this receivable is to report it as contra equity either Account 211 or Account 207. With regard to Account 211 – Miscellaneous paid-in capital, FERC's Uniform System of Accounts states:

This account shall include the balance of all credits for paid-in capital which are not properly includible in the foregoing accounts. This account may include all commissions and expenses incurred in connection with the issuance of capital stock.

With respect to Account 207 – Premium on capital stock, the FERC Uniform System of Accounts states in part:

- A. This account shall include, in a separate subdivision for each class and series of stock, the excess of the actual cash value of the consideration received on original issues of capital stock over the par or stated value and accrued dividends of such stock, together with assessments against stockholders representing payment required in excess of par or stated values.

The SEC staff Accounting Bulletin 4(g) correctly states that receivables, such as the \$937 million receivable from Exelon, are "seldom . . . actually paid." The SEC staff Accounting Bulletin 4(g) also correctly mandates that "the receivables be treated as a deduction from stockholders' equity." The principles underlying SEC staff Accounting Bulletin 4(g) apply precisely to the \$937 million receivable from Exelon. During the fourth quarter of 2001, Exelon repaid \$125 million of this outstanding receivable. (Exelon SEC Form 10-K for the year ending December 31, 2001, p. 57) Concurrently, ComEd paid Exelon a common dividend of \$230 million, which represents an increase of \$125 million over the third quarter dividend of \$105 million. (Exelon SEC Form 10-K for the year ending December 31, 2001, p. 92; Exelon SEC Form 10-Q for the Quarterly Period Ending September 30, 2001, p. 33). Rather than representing the infusion of \$125 million of new investment by ComEd's corporate parent, it would appear that the first \$125 million installment on the receivable was effectively never paid, given the offsetting increase in ComEd's dividend payment to Exelon.

The \$937 million receivable should thus be recorded as a contra equity amount, either in Account 207 – Premium on capital stock, or in Account 211 – Miscellaneous paid in capital, in the FERC Form 1, as it has been reported to the financial community in ComEd's SEC Form 10-K.[See Attachment A.] The Uniform System of Accounts

instructions for the proprietary capital Accounts 201-217 do not provide for the recording of capital that has not yet been received.

As quoted above, the final direction to the reader in ComEd's Note 15, Related Party Transaction, on Page 123.19 of the 2001 Form 1, is to "See Note 1, Significant Accounting Policies, Basis of Presentation." Page 123 of the ComEd's 2001 Form 1, Notes to Financial Statements, Basis of Presentation, unsuccessfully attempts to justify the difference in reporting the receivable to the Commission and to the SEC:

Accounting policies for regulated operations are in accordance with those prescribed by the regulatory authorities having jurisdiction, principally the Illinois Commerce Commission (ICC), the Federal Energy Regulatory Commission (FERC) and the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (PUHCA). The accompanying financial statements have been prepared in accordance with the accounting requirements of the FERC as set forth in the Uniform System of Accounts and accounting releases, which differ from GAAP. Such differences include the accounting and reporting for the receivable from Exelon as discussed in Note 15, Related-Party Transactions ...

There are no requirements of the Uniform System of Accounts or accounting releases that would require, or that should be read as permitting, ComEd to report the affiliated receivable any differently to the Commission than to the SEC. Thus, the transaction should be reported to the Commission in the same manner as it was reported to the SEC.

ComEd's SEC Form 10K shows a Total Shareholders Equity balance of \$5,083 million for the period ended December 31, 2001. ComEd SEC Form 10K at 91-92. ComEd's FERC Form 1 shows a balance for Total Proprietary Capital (Total Shareholder's Common Equity) of \$6,013,896,584 at December 31, 2001. The result of

ComEd's erroneous accounting procedures on its 2001 Form 1 is an overstatement of Total Proprietary Capital by \$937 million.

The result of an overstatement of Total Proprietary Capital by \$937 million on ComEd's 2001 Form 1 is to inflate the "beginning and ending balances of common equity using data reported in the electric utility's Form 1 report"—the ending balance for calendar 2001 and the beginning balance for 2002. This has the direct effect of increasing the equity balance over which earnings must be spread under the Illinois earnings framework, and skewing the "earned rate of return on common equity" downward for purposes of both Sections 16-111(d) and 16-111(e) of the Illinois Act. Thus, for example, as ComEd approaches the point at which it would be statutorily required to credit excess earnings to customers under Section 16-111(e) of the Illinois Act, the infusion of \$937 million in nonexistent common equity would have the effect of forestalling retail customer credits, and decreasing the amount of those credits if ComEd were to reach a point at which they must be paid.

V. ComEd's FERC Form 1 Reporting Accounts Should Be Changed to Comport With the Commission's Uniform System of Accounts

Section 301 of the Federal Power Act reads in part as follows:

The Commission may prescribe a system of accounts to be kept by licensees and public utilities and may classify such licensees and public utilities and prescribe a system of accounts for each class. The Commission, after notice and opportunity for hearing, may determine by order the accounts in which particular outlays and receipts shall be entered, charged, or credited. The burden of proof to justify every accounting entry questioned by the Commission shall be on the person making, authorizing, or requiring such entry, and the Commission may suspend a charge or credit pending submission of satisfactory proof in support thereof.

16 U.S.C. §825(a) [excerpt]

On the basis of the information contained in Section IV of this Petition, the ICC requests that the Commission investigate the recording of the \$125 million short-term portion of the non-interest bearing receivable in Account 145, the \$812 million long-term portion of the non-interest bearing receivable in Account 186, and the failure to create a contra account either in Account 207 or 211. The ICC further requests that in any investigation, ComEd be held to its statutory obligation to bear "the burden of proof to justify every [such] accounting entry". 16 U.S.C. §825(a). The ICC seeks a determination by order that the Exelon receivable must be removed from Accounts 145 and 186, and be recorded for purposes of the FERC Uniform System of Accounts in a contra equity account as reflected in ComEd's Form 10-K, on file with the SEC, for 2001.

VI. ComEd Should Be Ordered to Correct its Erroneous Report

The principal statutory source for the annual reporting requirement is found in section 304 of the Federal Power Act (16 U.S.C. § 825c). The statute provides:

"(a) Every licensee and every public utility shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this chapter. The Commission may prescribe the manner and form in which such reports shall be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such

person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies.

"(b) It shall be unlawful for any person willfully to hinder, delay, or obstruct the making, filing, or keeping of any information, document, report, memorandum, record, or account required to be made, filed, or kept under this chapter or any rule, regulation, or order thereunder."

ComEd's 2001 Form 1 contains some description of the nature of the Exelon receivable that results in a common equity balance that is \$937 million greater for purposes of the FERC Form 1 than it is for purposes of the SEC 10-K for the same period. The ICC believes that as filed with the Commission, however, the 2001 Form 1 does not provide a full, correct statement of the business and affairs of ComEd. On that basis, the ICC requests that the Commission direct ComEd to refile its 2001 Form 1 in a manner that appropriately removes the \$937 million from Accounts 145 and 186, and appropriately reflects the nature of the receivable in a contra equity account, thereby making adequate provision for a full and appropriate accounting and reporting of all relevant facts.

VII. Service

The ICC has caused a copy of this Petition to be served on:

Mr. Robert E. Berdelle
Vice President & CFO
Commonwealth Edison Company
10 South Dearborn, P.O. Box 805379
Chicago, Illinois 60680-5379

VIII. Conclusion

Based upon ICC Staff calculations made both with and without the inclusion of the \$937 million Exelon receivable described above, it does not appear that ComEd's earnings during calendar year 2001 either would qualify it to request rate relief during calendar 2002 under Section 16-111(d) of the Illinois Act, or would require it to share excess earnings by means of the customer credit mandated by Section 16-111(e) of the Illinois Act. For these reasons, the ICC does not seek extraordinary or expedited treatment of this Petition.

The inappropriate accounting reflected in the 2001 Form 1 does, however, require correction in advance of ComEd's March 31, 2003, report to the ICC under Section 16-111(e) of the Illinois Act. "Excess earnings" for purposes of Section 16-111(e) of the Illinois Act are calculated on the basis of the "2-year average of the electric utility's earned rate of return on common equity." If the erroneous accounting reflected in the 2001 Form 1 is not corrected, the 2003 calculations will be in firm by calculating the 2-year average incorrectly in the following ways: (1) the ending equity balance for 2001 will be overstated by \$937 million, (2) the beginning equity balance for 2002 will be overstated by \$937 million, and (3) the ending equity balance for 2002 will, if the accounting is consistent with that reflected in the 2001 Form 1, be overstated by \$812 million.

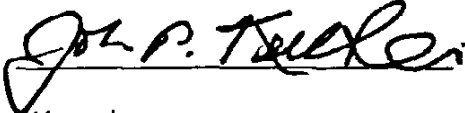
In sum, the ICC requests that the Commission determine by order that the Exelon receivable must be removed from ComEd's Accounts 145 and 186, and be recorded for purposes of the FERC Uniform System of Accounts in a contra equity account as reflected in the ComEd Form 10-K, on file with the SEC, for 2001. The ICC also requests that that the Commission direct ComEd to refile its 2001 Form 1 in a

manner that appropriately removes the \$937 million from Accounts 145 and 186, and appropriately reflects the nature of the receivable in a contra equity account.

Dated: May 15, 2002

Respectfully submitted,

ILLINOIS COMMERCE COMMISSION

By: 

Myra Karegianes
General Counsel and
Special Assistant Attorney General

John P. Kelliher
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Chicago, Illinois 60601
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2001

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number	Name of Registrant; State of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street - 37 th Floor P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-4321	23-2990190
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 10 South Dearborn Street - 37 th Floor P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-4321	36-0938600
1-1401	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
EXELON CORPORATION: Common Stock, without par value	New York, Chicago and Philadelphia
COMMONWEALTH EDISON COMPANY: Company-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Commonwealth Edison Company's 8.48% Subordinated Debt Securities and unconditionally guaranteed by Commonwealth Edison Company	New York
PECO ENERGY COMPANY: First and Refunding Mortgage Bonds: 6-3/8% Series due 2005, and 6-1/2% Series due 2003	New York

Commonwealth Edison Company and Subsidiary Companies
Consolidated Balance Sheets

(in millions)	2001	at December 31, 2000
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 23	\$ 141
Restricted Cash	41	60
Accounts Receivable, net		
Customer	745	970
Other	87	234
Inventories, at average cost	56	186
Deferred Income Taxes	52	89
Receivables from Affiliates	95	468
Other	15	24
Total Current Assets	1,114	2,172
Property, Plant and Equipment, net	7,351	7,657
Deferred Debits and Other Assets		
Regulatory Assets	667	1,110
Nuclear Decommissioning Trust Funds	—	2,669
Investments	64	152
Goodwill, net	4,902	4,766
Receivables from Affiliates	1,314	1,316
Other	304	356
Total Deferred Debits and Other Assets	7,251	10,369
Total Assets	\$15,716	\$20,198
Liabilities and Shareholders' Equity		
Current Liabilities		
Long-Term Debt Due Within One Year	\$ 849	\$ 348
Accounts Payable	144	597
Accrued Expenses	63	148
Accrued Interest	165	149
Accrued Taxes	146	79
Payables to Affiliates	307	—
Customer Deposits	90	73
Other	122	329
Total Current Liabilities	1,886	1,723
Long-Term Debt	5,850	6,882
Deferred Credits and Other Liabilities		
Deferred Income Taxes	1,671	1,837
Unamortized Investment Tax Credits	55	59
Nuclear Decommissioning Liability for Retired Plants	—	1,301
Pension Obligations	151	285
Non-Pension Postretirement Benefits Obligation	146	315
Spent Fuel Obligation	—	810
Payables to Affiliates	297	—
Other	248	475
Total Deferred Credits and Other Liabilities	2,568	5,082
Company-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts Holding the Company's Subordinated Debt Securities	329	328
Commitments and Contingencies		
Shareholders' Equity		
Common Stock	2,048	2,678
Preference Stock	7	7
Other Paid in Capital	5,057	5,388
Receivable from Parent	(937)	—
Retained Earnings	257	133
Treasury Stock, at cost	(1,344)	(2,023)
Accumulated Other Comprehensive Income	(5)	—
Total Shareholders' Equity	5,083	6,183
Total Liabilities and Shareholders' Equity	\$15,716	\$20,198

See Notes to Consolidated Financial Statements

Commonwealth Edison Company and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity

(in millions)	Common Stock	Preferred and Preference Stock	Other Paid-in Capital	Receivable from Parent	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Shareholders' Equity
Balance, December 31, 1998	\$ 2,678	\$ 524	\$ 2,208	\$ --	\$ 177	\$ --	\$ (7)	\$ 5,580
Net Income	--	--	--	--	623	--	--	623
Preferred and Preference Stock								
Redemptions	--	(515)	--	--	--	--	--	(515)
Capital Stock and Warrant Expense	--	--	3	--	(16)	--	--	(13)
Common Stock Dividends	--	--	--	--	(342)	--	--	(342)
Preferred and Preference Stock								
Dividends	--	--	--	--	(9)	--	--	(9)
Common Stock Repurchases	--	--	--	--	--	--	(20)	(20)
Other Comprehensive Income, net of income taxes of \$5	--	--	--	--	--	8	--	8
Balance, December 31, 1999	2,678	9	2,211	--	433	8	(27)	5,312
Net Income	--	--	--	--	599	--	--	599
Preferred and Preference Stock								
Redemptions	--	(2)	--	--	--	--	--	(2)
Capital Stock Expense	--	--	--	--	(1)	--	--	(1)
Common Stock Dividends	--	--	--	--	(238)	--	--	(238)
Preferred and Preference Stock								
Dividends	--	--	--	--	(1)	--	--	(1)
Common Stock Repurchases	--	--	--	--	--	--	(153)	(153)
Stock Forward Repurchase Contract	--	--	--	--	--	--	(993)	(993)
Other Comprehensive Income, net of income taxes of \$0	--	--	--	--	--	(2)	--	(2)
Balance, October 19, 2000	2,678	7	2,211	--	792	6	(1,173)	4,521
Net Income	--	--	--	--	133	--	--	133
Merger Fair Value Adjustments	--	--	3,177	--	(792)	(6)	--	2,379
Common Stock Repurchases	--	--	--	--	--	--	(850)	(850)
Balance, December 31, 2000	2,678	7	5,388	--	133	--	(2,023)	6,183
Net Income	--	--	--	--	607	--	--	607
Capital Contribution from Parent	--	--	1,062	(937)	--	--	--	125
Retirement of Treasury Shares	(630)	--	(1,393)	--	--	--	2,023	--
Merger Fair Value Adjustments	--	--	24	--	--	--	--	24
Corporate Restructuring	--	--	(24)	--	--	--	(1,344)	(1,368)
Common Stock Dividends	--	--	--	--	(483)	--	--	(483)
Other Comprehensive Income, net of income taxes of \$1	--	--	--	--	--	(5)	--	(5)
Balance, December 31, 2001	\$ 2,048	\$ 7	\$ 5,057	\$ (937)	\$ 257	\$ (5)	\$ (1,344)	\$ 5,083

Commonwealth Edison Company and Subsidiary Companies
Consolidated Statements of Comprehensive Income

(in millions)	For the Year Ended December 31, 2001	For the Period Oct. 20 - Dec. 31, 2000	For the Period Jan. 1 - Oct. 19, 2000	For the Year Ended December 31, 1999
Net Income	\$ 607	\$ 133	\$ 599	\$ 623
Other Comprehensive Income				
Cash Flow Hedge Fair Value Adjustment, net of income taxes of \$0	(1)	--	--	--
Foreign Currency Translation Adjustment, net of income taxes of \$0	(1)	--	--	--
Unrealized Gain (Loss) on Marketable Securities, net of income taxes of \$1, \$0 and \$5, respectively	(3)	--	(2)	8
Merger Fair Value Adjustment	--	(6)	--	--
Total Other Comprehensive Income	(5)	(6)	(2)	8
Total Comprehensive Income	\$ 602	\$ 127	\$ 597	\$ 631

See Notes to Consolidated Financial Statements

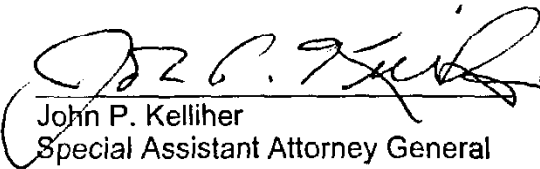
CERTIFICATE OF SERVICE

I hereby certify that I caused copies of the foregoing Petition of the Illinois Commerce Commission to be served this day upon:

Mr. Robert E. Berdelle
Vice President & CFO
Commonwealth Edison Company
10 South Dearborn, P.O. Box 805379
Chicago, Illinois 60680-5379,

a copy of which is attached, in accordance with the requirements of Rule 207 of the Commission's Rules of Practice and Procedure.

Dated at Chicago, Illinois, this 15th day of May, 2002.


John P. Kelliher
Special Assistant Attorney General
Illinois Commerce Commission
160 N. LaSalle, Suite C-800
Chicago, Illinois 60601
(312) 793-8841

Counsel for the
Illinois Commerce Commission